THE MAGNET

ENCOMPASS Newsletter

Message from the Auditor's Office
Big Changes for Fiscal Year 2008

Fiscal Year 2008 marks a new beginning for financial management in the State of Indiana. The ENCOMPASS implementation is well underway, which will integrate financial management systems and processes across the State and will provide better financial accountability including improved accuracy and timeliness of financial data and reporting. As members of the State's financial community, we must take responsibility for a successful implementation.

Starting in FY 2008, SBA, AoS, and GMIS will begin closing accounting periods in PeopleSoft. This will continue once the Auditor goes live on ENCOMPASS. For FY 2007, there is no need for agencies to run PeopleSoft year end close. SBA will work with AoS and GMIS to load the FY 2008 beginning balances for cash and fund balance into PeopleSoft as soon as possible after FY 2007 is closed at AoS. Agencies are responsible for making sure FY 2008 transactions reflect the cash impact of the entry. It is imperative that once accounting periods are closed, they remain closed in order to maintain the integrity of the State's financial record.

To clarify the approach for purchase orders in ENCOMPASS, unliquidated POs will not be carried to the next fiscal year. The delivered PeopleSoft PO rollover process is not compliant with generally accepted accounting principles, so it should not be used. Instead, the purchase order will remain in the existing Budget Reference and paid accordingly. Budgets will be reduced so that the only remaining balances in prior fiscal years will be those associated with unliquidated purchase orders.

The ENCOMPASS team has developed a Top Ten Agency "Action Items" list that can help agencies transition to the ENCOMPASS financial system. This list is located on page 4 of this issue. We encourage you to act on this list and share it with your colleagues, so we all work together to be fully prepared for the ENCOMPASS implementation. Support and encourage each other throughout this transition!

Project Updates
Build Phase

We have made tremendous progress in the last few months on the ENCOMPASS project. However, there is much more to be accomplished. Please maintain momentum and continue to stay involved as we press forward toward our goal!

We are now in the Build phase of the project. During this phase the ENCOMPASS team will continue

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to build the application for the GL, AR, AP and AM modules, as well as develop security and systems applications. In addition, several types of testing will take place. This includes system testing, integration testing, and regression testing.

The Enterprise Pilot sessions are scheduled to begin in the next few weeks. These sessions provide end-to-end demonstration of business processes.

The ENCOMPASS project team has created opportunities to demo ENCOMPASS to agency staff. Your ENCOMPASS project representative will follow up with you in the upcoming weeks to get you involved.

Focus on Internal Controls
Fundamental Concepts

The past six issues of The Magnet have focused on the five components which must be present in order to implement and maintain a good internal control system within an organization. The following is a practical definition followed by fundamental concepts of such a system.

Internal control is the integration of the activities, plans, attitudes, policies, and efforts of the people of a department working together to provide reasonable assurance that the department will achieve its mission.

Fundamental Concepts:
These definitions denote certain fundamental concepts of internal controls. Internal controls:
- affect every aspect of a department -- all of its people, processes and infrastructure.
- are not stand-alone practices. They are woven into the day-to-day responsibilities of managers and their staff.
- incorporate the qualities of good management.
- are dependent upon people and will succeed or fail depending on the attention people give to them.
- must make sense within each department's unique operating environment and are effective only when people work together.
- provide a level of assurance to a department, but do not guarantee success.
- help a department achieve its mission.
- should be cost effective.

Chart of Account Data Mapping
Preparing for New Chart of Accounts

Chartfield Mapping is the task of relating the current chartfields and the values in them to the ENCOMPASS Chart of Account structure and values. Over the last couple of weeks the ENCOMPASS team conducted a pilot roll-out to 4 agencies, 6 Mapping Utility Training classes, 4 Chart of Accounts (COA) Overview sessions and 6 Mapping Workshops in which over 150 users participated.

The training classes provided an overview of the overall mapping activity and instruction on how to use the Mapping Tool that was created to support this task. The COA Overviews reviewed the information in the COA Handbook (which can be found on the ENCOMPASS website), including the purpose and

Chart of Account Data Mapping
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characteristics of each of the chartfields. The Mapping Workshops provide users a place to come to actually do their mapping with support people in the room to answer questions and provide guidance. It has been very successful in getting agencies off to a good start and, in a number of cases, to complete their initial mapping.

The current focus of this mapping is on completing the mapping of the Department, Product, Program and Locality (formerly Class) chartfields. The goal is to have these core fields mapped by July 20 so that testing of the conversion programs can begin. While agencies are focused on these fields, a central group is also mapping current Fund / Center combinations to the new Fund chartfield and is mapping Objects to Accounts.

In a few weeks, we will begin the process of mapping project related chartfields. Many thanks to those agencies that have already completed, or have made significant progress in their core chartfield mapping.

Training
Visit the GMIS Website

Whether you are new to PeopleSoft or you are seeking to enhance your knowledge of the various modules, GMIS has a robust list of PeopleSoft training classes designed to help. The transition of the AoS to PeopleSoft ensures an increased role for PeopleSoft in agency accounting practices. The summer months provide an excellent time to ensure you and your staff are proficient in all required PeopleSoft modules.

The following is a sample of PeopleSoft training classes offered by GMIS this summer:

Encumbrance Mgmt & Cleanup Workshop - This workshop will assist users in validating open Vouchers, PO's and Requisitions and working to clean them up appropriately in the system. GMIS will cover how to correctly cancel/close out documents, releasing any funds that are tied up, & how to correct errors that have occurred.   Users will be shown tools, resources, & queries that can be used for researching documents & issues. This workshop will also address the reconciliation process as it relates to expenditures briefly. This is a great workshop for Users to attend for on-going clean up issues & continually keeping your books in sync!

ENCOMPASS Reconciliation to AOS Class - Demonstrate different processes to reconcile PeopleSoft financials to the Auditor of State with various reports and techniques. Uses ENCOMPASS reports as well as Alchemy reports and MS Excel worksheets. *Strongly recommend attending the Financial Reports Class prior to attending this class or have a good basic understanding of PeopleSoft delivered and Nvision reports.

Accounts Payable - This class presents the various payment types, covers the various voucher processes and pay cycles. A brief discussion on AP reports/queries, vendor selection and updating warrant information. This class will also provide some trouble shooting tips and allow a practice session.

Asset Management Training – This class will teach users to enter, maintain, and report from the Fixed Assets system.

Check the GMIS website (https://financial.gmis.in.gov/SOI/General/TR_010.htm) for class times and signup instructions. New classes are always being added!

Top Ten Agency "Action Items"

How is Your Agency Doing?

Originally announced at the Agency CFO meeting in June, this list is comprised of the top ten actions that agencies should take to transition to the ENCOMPASS financial system. How is your agency doing so far?

1. Accept that the State of Indiana is implementing a new integrated financial system that will require agencies to change and adopt new financial processes. The State's goal is to institutionalize a common set of standard financial management processes including:

- A new statewide accounting structure (Chart of Accounts)
- Common data collection standards
- Standard financial management processes and reporting.

2. Embrace the ENCOMPASS implementation. Become a champion of change so that you and your agency can help the State streamline its financial processes and reporting, and to achieve better financial accountability across the State; specifically:

- Attend ENCOMPASS Town Hall meetings
- Read ENCOMPASS newsletter and emails; visit the website
- Participate in PeopleSoft user groups and ENCOMPASS working groups

3. Between FY 2007 Year End Close (June 15) and early FY 2008 (July 31), initiate closing actions for requisitions and or purchase orders. Specifically:

- Close completed purchase orders that are maintained by the Auditor of State; close completed purchase orders in PeopleSoft
- For open requisitions and purchase orders crossing into FY 2008 that are not encumbered by Auditor of State, either (1) cancel the requisition/purchase order or (2) change the Budget Reference in PeopleSoft to 2008

4. Start planning for the new common file formats that ENCOMPASS will use to transmit and process payment data at the Auditor of State:

- The new file formats will utilize the new COA structure
- There will be one transmission standard for all agencies
- Each agency will be responsible for making changes to their payment systems to be compliant with the new payment file formats
- Once the new file formats are made available by the ENCOMPASS team, work with your agency's information technology staff to make needed changes to your payment systems

5. Review Special Disbursing Officer (SDO) accounts and work diligently to close unnecessary and or unused SDO accounts:

- SDOs present deficiencies in the areas of financial management best practices
- The State will be implementing alternatives to SDO accounts

6. Record all financial transactions in PeopleSoft starting no later than July 1, 2007. Specifically:

- Up through go-live: enter General Ledger journals for all financial transactions maintained by AoS (payroll, ID bills, SDO reimbursements, etc.) that are not recorded in PeopleSoft
- Create a requisition and purchase order in the eProcurement/Purchasing Module for all procurements over $500 under object codes 3, 4, and 5
- Create receivers in PeopleSoft to record receipt of goods and or services
- Link payment vouchers to the corresponding purchase order so that an additional encumbrance is not established in PeopleSoft
- Transition your asset control system to PeopleSoft; record existing and new assets exceeding $500 in the Asset Management module

Agency Top Ten "Action Items"
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7. Take steps to ensure that your agency's financial staff is appropriately trained in using PeopleSoft. Agency employees should have a baseline understanding on how to perform their respective financial management assignments in the appropriate PeopleSoft modules (i.e., General Ledger, eProcurement/Purchasing, Asset Management, Accounts Payable, Accounts Receivable)

8. Sign-up and participate in the Chart of Accounts (COA) mapping effort when it is announced by the ENCOMPASS project team:
- Read the COA User Guide that is located on the ENCOMPASS website
- Review your agency's current COA and complete any identified chartfield mapping changes
- Update your agency's work instructions/rules for proper COA usage

9. Starting in FY 2008, at least once a month, reconcile open financial transactions in PeopleSoft to the financial transactions maintained by the Auditor of State in GEAC:
- Reconcile all PeopleSoft objects (not just expenditures and revenue) to the Auditor of State
- Reconcile PeopleSoft purchase orders with GEAC purchase orders
- Reconcile open PeopleSoft requisitions and purchase orders
- Close completed purchase orders (PeopleSoft and Auditor of State)
- Reconcile PeopleSoft assets over $20,000 to GEAC assets

10. Begin preparing for the State's internal controls initiative. Specifically:
- Document how your agency conducts its financial processes, specifically, who initiates, enters, and approves your agency's financial transactions for requisitions, purchase orders, payment vouchers, assets, and general ledger transactions
- Assess your agency's current financial processes and look for ways to reduce your agency's exposure to financial waste, fraud, and abuse; establish separate roles for the financial processes listed in the bullet above

Testing the ENCOMPASS System
We Look Forward to Your Participation

We have planned rigorous testing starting in August – a total of nearly four months of continuous activity in focused stages:

System Test – This stage verifies that the system functions properly and that all necessary business functions are incorporated into the system.

Integration Testing – Testing includes the interaction of various systems and their interfaces.

Parallel Testing – Verifies that transactions entered in ENCOMPASS have the same result as transactions entered in the Auditor's current GEAC system.

User Acceptance Testing – This stage confirms that the system meets user requirements and from a user perspective, the system is ready to go to production.

Regression Testing – This testing stage essentially repeats all of the previous tests in an organized way to simulate the expected business scenarios and confirm the readiness for production.

System Testing and User Acceptance Testing, will provide opportunities for extensive state user involvement. We are looking forward to your participation and your own confirmation of system readiness.

Department Chartfield
How Should It Be Set Up?

During the chartfield mapping process, there have been a number of questions about the Department chartfield and how it should be set up in the new structure.

Remember that the Department field represents an organizational function and its values will correspond directly to the Department values in the PeopleSoft Human Resources (HR) module. Department chartfields should be classified by an attribute that corresponds to its primary function. The functions include Information Technology, Accounting/Finance, Human Resources, Administration, Marketing/Communications, Legal, Auditing, Purchasing, Legislative/Policy, and None of The Above.

The intent is for agencies to have Departments that align with the attributes as outlined above. Agencies should work with their HR departments and State Personnel to have the new values created if those values do not already exist.

Upcoming Activities
Visit Our Website For Dates and Location

Over the past several weeks, the ENCOMPASS team has held different workshops, including Balancing and Reconciliation, COA mapping training, COA Overview, and the COA Hands-On workshops.

Formal ENCOMPASS training will be held in the fall and closer to go-live. Many of you have already started your own efforts to prepare yourselves for ENCOMPASS, and for that we applaud you. Participating in these activities increases your overall knowledge, makes you more proficient at using PeopleSoft and will make your transition to ENCOMPASS that much smoother.

There will be many opportunities for you to participate in more of these activities – take advantage of them! As long as you keep asking, our project team will schedule as many opportunities as it takes to satisfy demand. Visit the ENCOMPASS website for dates and location.

Upcoming Activities include:
Balancing and Reconciliation Presentation
Chart of Accounts Overview Presentation
Chart of Accounts "Hands-On" Workshops
The next Town Hall meeting is on August 9, 2007

Need Information? Have Questions?

The ENCOMPASS website no longer requires a login and password. Please visit it at anytime to get announcements and updated information. If a login screen does appear, enter your network ID and password.
ENCOMPASS Website Address: **http://myshare.in.gov/sba/encompass**

Please email us at:
encompass@sba.in.gov

If you have technical issues submit them to GMIS at
http://extranet.in.gov/gmis/issue_entry/base/issue_entry.asp